

House Study Bill 674 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON SANDS)

A BILL FOR

1 An Act reducing the state franchise tax rate, and including
2 effective date and applicability provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.63, Code 2014, is amended to read as
2 follows:

3 **422.63 Amount of tax.**

4 The franchise tax is imposed annually in an amount equal
5 to ~~five~~ one-half of one percent of the net income received or
6 accrued during the taxable year. If the net income of the
7 financial institution is derived from its business carried on
8 entirely within the state, the tax shall be imposed on the
9 entire net income, but if the business is carried on partly
10 within and partly without the state, the portion of net income
11 reasonably attributable to the business within the state shall
12 be specifically allocated or equitably apportioned within and
13 without the state under rules of the director.

14 Sec. 2. EFFECTIVE DATE. This Act takes effect January 1,
15 2015.

16 Sec. 3. APPLICABILITY. This Act applies to tax years
17 beginning on or after January 1, 2015.

18 EXPLANATION

19 The inclusion of this explanation does not constitute agreement with
20 the explanation's substance by the members of the general assembly.

21 This bill reduces from 5 percent to 0.50 percent the state
22 franchise tax rate imposed on financial institutions for the
23 privilege of doing business in this state.

24 The bill takes effect January 1, 2015, and applies to tax
25 years beginning on or after that date.